

BEFORE THE
Federal Communications Commission

WASHINGTON, D.C. 20554

In the Matter of)	
)	
Access Charge Reform)	CC Docket No. 96-262
)	
Price Cap Performance Review for Local Exchange Carriers)	CC Docket No. 94-1
)	
Low-Volume Long Distance Users)	CC Docket No. 99-249
)	
Federal State Joint Board On Universal Service)	CC Docket No. 96-45
)	

To: The Commission

**COMMENTS
OF THE
AMERICAN PETROLEUM INSTITUTE**

The American Petroleum Institute,¹ by its attorneys, hereby submits its comments on the modified proposal to implement changes to interstate access charges and universal service ("Modified Plan") submitted by the Coalition for Affordable Local and Long

¹ API is a national trade association representing approximately 350 companies involved in all phases of the petroleum and natural gas industries, including exploration, production, refining, marketing, and transportation of petroleum, petroleum products and natural gas. Among its many activities, API acts on behalf of its members as spokesperson before federal and state regulatory agencies. The API Telecommunications Committee is one of the standing committees of the organization's Information Systems Committee. The Telecommunications Committee evaluates and develops responses to state and federal proposals affecting telecommunications facilities used in the oil and gas industries.

Distance Service (“CALLS”).² The Modified Plan reflects a number of revisions to the initial CALLS Plan.³ In response to the initial CALLS Plan, API raised concerns regarding the insistence of certain price cap Incumbent Local Exchange Carriers (ILECs) that the results of the ILEC property audits be given short shrift in terms of interstate access charges on the one hand, and that price cap LECs retain the flexibility to recover so-called “exogenous costs” during the five-year period. API supported the significant reduction in interstate switched access charges proposed by CALLS.

The overarching benefit of the CALLS proposal, both the original and modified plan, is that its adoption would set in motion significant reductions in interstate access charges that should, over the five-year period, redound to the benefit of all telecommunications users. Interstate switched access rates are central to interexchange service pricing levels and telecommunication service price trends in general. Users have long maintained the current rates are excessive. Conversely, were the Modified Plan, as may be further refined to address the interests of residential users, not adopted, users would be subject to significant uncertainty, continued inflated access charges and correspondingly over-priced rates for interexchange services. Thus, API supports adoption of the Modified Plan.

An important benefit of the Modified CALLS Plan is that the “X” Factor would continue to be applied to interstate dedicated access services to ensure some reductions

²These Comments relate principally to the Memorandum in Support of the Modified Plan filed on March 8, 2000. The time for filing Comments on the Modified Plan was extended to April 3, 2000, Public Notice DA 00-672 (released March 24, 2000).

³On November 12, 1999, API submitted Comments on the initial CALLS Plan.

and minimize increases in these rates over the five-year period. While competition may well be emerging in isolated areas of metropolitan areas, many facilities of API member companies are situated well-beyond the outer reaches of many metropolitan areas at locations where (1) the incumbent ILECs are subject to scant competition, and (2) independent competitive local exchange carriers (“CLECs”) have shown no interest in serving, or CLECs affiliated with the major interexchange carriers are not expected to construct their own local facilities. Thus, the modest extension of price caps regulation to dedicated access services under the Modified Plan is more than warranted by the public interest.

For similar reasons, API unequivocally opposes the reported “11th Hour” proposal that is projected to be presented in Comments to be filed by Time Warner Telecom and the Association for Local Telecommunications Services (“ALTS”).⁴ The ALTS and Time Warner Telecom proposal would not reduce interstate switched access rates nearly to the extent as proposed by CALLS on the theory that the CALLS Plan “reduces access rates for those services that face the most competition.”⁵

Not only is such an alternative plan an untimely, loosely veiled attempt to create a competitive pricing umbrella, it characterizes the marketplace in a manner that is totally removed from the reality experienced by telecommunications users. Interstate switched access service is not subject to meaningful competition. CLECs have succeeded in

⁴ See TR Daily, March 31, 2000, “ALTS, Time Warner to Offer Alternative to CALLS Plan.” (Electronic Publication of Telecommunications Reports International.)

⁵ Ibid.

establishing a marketplace niche in the dedicated access market in large metropolitan areas. Switched access locations of large and small businesses and of residential subscribers do not have meaningful alternatives beyond isolated metropolitan areas. Within the petroleum industry, switched access locations such as services stations have to look to the incumbent LECs for switched access services.

Over and above such a dysfunctional view of reality, such an alternative plan would undermine the core objective of CALLS' effort. Reducing interstate switched access rates benefits the entire economy by promoting substantial reductions in domestic interexchange services. The CLECs constitute a de minimis fraction of total access minutes in markets where they have some market presence. For the vast preponderance of the country, CLECs have no presence. The maximum nationwide reductions in interstate switched access will provide the greatest benefit to the broadest segment of end-users. There is a collateral benefit, as well. In a number of states, intrastate access rates mirror interstate access rates. In others, interstate reductions place pressure on intrastate switched access rates. Accordingly, the Commission should reject any effort - - particularly at this juncture - - to consider such an unprincipled, self-serving alternative to the Modified Plan.

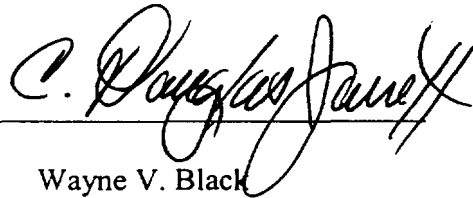
API concurs with CALLS that its Modified Plan provides a significant and principled resolution to a series of contentious disagreements and debate that have persisted since the adoption price cap regulation. The Commission, the user community, the regulated community, and all interested service providers would benefit from adoption of the Modified Plan. In the absence of such a positive resolution, the

appropriate levels and methodology for determining interstate access charges could continue to be discussed and debated indefinitely with no assurance that a favorable resolution would or could be achieved. The significant residential consumer issues that have been raised should be either resolved in or the framework for their resolution incorporated in the Commission decision on the Modified Plan proposed by CALLS.

WHEREFORE, THE PREMISES CONSIDERED, the American Petroleum Institute respectfully urges the Commission to adopt the Modified Plan proposed and otherwise take action consistent with the views expressed herein.

Respectfully Submitted,

THE AMERICAN PETROLEUM INSTITUTE

A handwritten signature in black ink, appearing to read "C. Douglas Jarrett", is written over a horizontal line.

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CERTIFICATE OF SERVICE

I, Cassandra L. Hall, hereby certify that I have served a copy of the foregoing "Comments" of the American Petroleum Institute on this 3rd day of April, 2000, upon the following parties via hand-delivery.

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